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The Case for a Single Currency of the Federation of African States South of the Sahara (FASS)

Macroeconomic, Systemic, and Institutional Foundations of Monetary Sovereignty

Djibril Chimère DIAW

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The Case for a Single Currency of the Federation of African States South of the Sahara (FASS) : Macroeconomic, Systemic, and Institutional Foundations of Monetary Sovereignty

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About The Author

Djibril Chimère Diaw

Software Developer, Cybersecurity Analyst.

Dedication

To

my mother Marème Fall

my father Amadou Chimère Diaw

my wife Isabelle Diaw

my children

Fatou-Chimère Diaw, Ahmadou-Chimère Diaw,

Marième-Chimère Diaw, Aïssata-Chimère Diaw .

my grandparents

Fatou Methiour Ndiaye & Waly Sega Fall

Fatou Faye & Souleymane Chimère Diaw

Teachers

To those who shall come into the world a century after me, beginning in the year two thousand and seventy-two.

To all mothers,
to those who made our coming into the world possible through the gift of themselves,
to those who, even today, carry, give birth to, nourish, protect, and raise life,
to those who, tomorrow, will continue to open the path of human existence.

To all women who, in silence or in light, have risked their bodies, their strength, and sometimes their lives so that humanity may endure.
To their quiet courage, their daily resilience, and their founding love.

May this work stand as an act of recognition,
a tribute passed on from generation to generation,
and a word of gratitude addressed to those without whom nothing would have been, nothing is, and nothing will be.

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ENGLISH

Editorial Preface

This volume advances a rigorous and deliberate plea for the establishment of a single currency within a future Federation of African States south of the Sahara. Far from being a purely technical proposition, the question of monetary unification is treated here as a central institutional and systemic issue—one that lies at the intersection of economic sovereignty, demographic scale, and long-term political capacity.

The dominant economic discourse has too often confined African monetary issues to fragmented national frameworks, inherited regimes, or narrowly defined debates on exchange rate stability. Such approaches overlook a fundamental reality: Africa south of the Sahara now constitutes, and will increasingly constitute, one of the largest concentrations of human and economic potential in the global system. By mid-century, the region's population will surpass that of any other major world region, while its aggregate economic mass—when considered as a coherent whole—already challenges many prevailing assumptions about structural marginality.

The contributions gathered in this book argue that monetary fragmentation is no longer a neutral historical legacy but a structural constraint. A multiplicity of weak, externally anchored, or poorly coordinated currencies impedes internal trade, dilutes macroeconomic policy effectiveness, and perpetuates dependency within the international monetary order. In contrast, a single currency—embedded within a federal institutional architecture—offers a pathway toward deeper market integration, enhanced monetary credibility, and a more autonomous capacity to transform demographic mass into productive and innovative economic power.

Importantly, this plea is not grounded in abstraction or ideological mimicry. It rests on empirical reassessments of Africa's aggregate economic performance, historical comparisons with other large regions, and a sober analysis of future demographic trajectories. The proposed monetary union is conceived not as an end in itself, but as a strategic instrument: a means to stabilize expectations, mobilize internal resources, and support a coordinated development strategy at continental scale.

This book therefore speaks simultaneously to economists, policymakers, historians, and institutional thinkers. It invites them to reconsider the African monetary question beyond inherited narratives and short-term constraints, and to engage with it as a foundational component of systemic power in the twenty-first century. The single currency envisioned here is not merely a symbol of unity; it is presented as a necessary condition for coherence, resilience, and collective agency within the emerging global order.

In articulating this argument, the volume does not claim to offer a definitive blueprint. Rather, it seeks to open a structured, empirically grounded, and intellectually demanding debate—one commensurate with the scale of the demographic, economic, and historical moment confronting Africa south of the Sahara.

General Introduction

The monetary question occupies a central place in any serious reflection on economic sovereignty, autonomous development capacity, and the effective exercise of systemic power. For Africa south of the Sahara, however, it continues to be addressed largely in a fragmented, technical, or peripheral manner, even though it constitutes one of the principal structural constraints limiting the transformation of the region's demographic and economic mass into coherent macroeconomic power.

The dominant literature most often examines African monetary regimes at the national or sub-regional level, analyzing them in isolation, without relating them to the continent's overall dynamics or its aggregated potential. This approach tends to naturalize the coexistence of multiple weakly convertible currencies, dependent on external reserve currencies and asymmetrically integrated into the international monetary system. In doing so, it obscures a fundamental question: to what extent does the current monetary fragmentation prevent Africa south of the Sahara from fully expressing its economic and demographic weight on the global stage?

The volume for which this introduction sets the analytical framework proposes an explicit reversal of perspective. It starts from an empirical observation that is now firmly established: when considered as a regional aggregate, Africa south of the Sahara has, during several historical periods, constituted a leading economic entity in terms of nominal GDP, at times surpassing major Asian economies. Over the course of the twenty-first century, it is also expected to become the principal locus of global demographic growth. Yet this quantitative reality collides with a monetary architecture that is profoundly ill-suited to such a scale.

The plea for a single currency is thus situated within a broader project: that of a Federation of States of Africa south of the Sahara, conceived as an institutional framework capable of aligning population, production, market integration, and monetary sovereignty. The single currency is not envisaged as a merely technical instrument of exchange, but as a central institution, at the heart of macroeconomic coordination, savings mobilization, economic cycle stabilization, and the projection of economic power at the global level.

The contributions brought together here therefore examine the theoretical foundations of monetary unions, the conditions of their viability, the lessons drawn from international historical experiences, and the African specificities—structural, demographic, and institutional—that justify an original approach. The objective is not to transpose an exogenous model, but to conceptualize an endogenous monetary architecture, adapted to the historical trajectory and systemic potential of Africa south of the Sahara.

For a Single Currency of the Federation of African States South of the Sahara

Macroeconomic, Systemic, and Institutional Foundations of a Project of Monetary Sovereignty

Abstract

The monetary question occupies a central place in any reflection on economic and political integration. For Africa south of the Sahara, characterized by a monetary fragmentation inherited from colonial and postcolonial history, the hypothesis of a federal single currency remains largely marginalized in mainstream economic literature. This article advances an academic plea in favor of the creation of a single currency for a Federation of African States South of the Sahara. Drawing on aggregated macroeconomic data, insights from political economy of money, and comparative historical analysis, it argues that federal monetary sovereignty constitutes not only an instrument of economic coherence, but also a decisive lever of systemic power, macroeconomic stability, and structural transformation.

Keywords: single currency; monetary sovereignty; African federalism; regional integration; systemic power; political macroeconomics.

1. Introduction

Money is not merely a technical instrument of exchange. It is a fundamental institution, lying at the heart of sovereignty, economic coordination, and power projection. Economic history shows that major political entities capable of sustaining long-term development—empires, industrial nation-states, advanced regional unions—have all operated within a coherent monetary space.

In Africa south of the Sahara, the current monetary architecture is marked by extreme fragmentation: the coexistence of weakly credible national currencies, heterogeneous exchange rate regimes, inherited monetary zones (notably the CFA franc), and structural dependence on extra-continental currencies. This configuration constrains the ability of states to conduct coordinated macroeconomic policies and weakens the continent’s systemic weight in the global economy.

This article defends the thesis that a Federation of African States South of the Sahara cannot be economically viable nor politically sovereign without a federal single currency. Its objective is to lay out the theoretical, empirical, and institutional foundations of such a project, breaking with strictly national or gradualist approaches.

2. Monetary Fragmentation and Structural Suboptimality

2.1 An Inefficient Monetary Mosaic

Africa south of the Sahara today encompasses more than forty distinct currencies or monetary regimes. This fragmentation generates:

- high transaction costs for intra-African trade;
- increased exchange rate volatility;
- shallow domestic financial markets;
- chronic dependence on hard currencies for trade and debt.

At the aggregate level, these inefficiencies reduce the continent’s capacity to convert its demographic and economic mass into integrated productive power.

2.2 Permanent External Constraint

The absence of an African reference currency imposes a structural external constraint: imports invoiced in dollars or euros, debt denominated in foreign currencies, vulnerability to the monetary cycles of Northern central banks. This situation limits the autonomy of fiscal and monetary policies, even in formally sovereign states.

3. Macroeconomic Foundations of a Federal Single Currency

3.1 Critical Size and Economic Aggregation

Considered as an aggregate, Africa south of the Sahara represents:

- a population exceeding 1.25 billion inhabitants in 2024;
- an aggregated nominal GDP comparable to, and historically at times greater than, that of major Asian economies;
- the principal reserve of global demographic growth in the twenty-first century.

These characteristics amply satisfy the conditions of critical size required for the existence of a credible monetary area, contrary to analyses that focus exclusively on individual states.

3.2 A Critical Reinterpretation of Optimal Currency Area Theory

Classical optimal currency area (OCA) theory is often invoked to disqualify African monetary projects, on the grounds of structural heterogeneity among economies. Yet this theory suffers from two major biases:

- it is static, whereas monetary unification is a transformative process;
- it confuses initial conditions with outcomes that are endogenous to integration.

Historical experience shows that a single currency often precedes economic convergence rather than follows it.

4. Single Currency and Systemic Power

4.1 Money as an Instrument of Power

A federal African currency would make it possible to:

- reduce dependence on the dollar and the euro;
- strengthen internal financing capacity;
- structure deep continental financial markets;
- increase African influence within international financial institutions.

Money thus becomes a vector of systemic power, on a par with demography or production.

4.2 Macroeconomic Stabilization and International Projection

A federal African central bank, endowed with a clear mandate and political legitimacy, could play a stabilizing role in the face of exogenous shocks (commodity price fluctuations, global financial crises), while projecting an international credibility that fragmented national central banks currently lack.

5. Institutional Architecture of a Federal African Currency

5.1 Foundational Principles

A single currency can only be viable within an explicit federal framework, based on:

- an independent monetary authority that is nevertheless politically accountable;
- a federal budget endowed with stabilization capacities;
- mechanisms for transfers and common investment;
- the progressive harmonization of fiscal and banking policies.

5.2 A Break with Inherited Models

The project cannot replicate postcolonial models of dependent monetary zones. It requires a clear break with any external tutelage and a democratic refoundation of monetary governance.

6. Recurrent Objections and Analytical Responses

The most frequent criticisms—heterogeneity, fiscal indiscipline, inflationary risks—rest on a narrowly national reading of the problems. At the federal level, these risks can be mitigated through common rules, integrated banking supervision, and a central fiscal capacity, which are currently absent precisely because of fragmentation.

7. Conclusion

A single currency for a Federation of African States South of the Sahara is neither utopian nor a form of monetary fetishism. It constitutes a rational response to a structural diagnosis: monetary fragmentation prevents the conversion of Africa’s human and economic mass into systemic power.

The central issue is not money in itself, but what it enables: coordination, sovereignty, projection, and transformation. Refusing to address the monetary question at the federal level amounts to accepting a lasting subordinate position in the global economy. Conversely, conceptualizing and instituting a single African currency is to inscribe the continent within a historical trajectory of full economic and political subjectivity.

Transversal Conclusion

The transversal analysis developed in this volume leads to a clear conclusion: the monetary fragmentation of Africa south of the Sahara constitutes one of the principal obstacles to transforming its demographic and economic mass into effective systemic power. Far from being a neutral institutional legacy, this fragmentation generates persistent macroeconomic costs, limits market integration, hinders the conduct of coherent countercyclical policies, and perpetuates a structural dependence on external monetary centers.

The empirical results recalled throughout the contributions show that Africa south of the Sahara has already demonstrated, even within the context of monetary fragmentation, a historical capacity to constitute a globally significant economic mass. This observation strengthens, rather than weakens, the argument in favor of a single currency: if such performance was possible within a fragmented institutional framework, the potential gains from federal monetary integration appear considerable.

The single currency, when envisaged within the framework of a Federation of States of Africa south of the Sahara, cannot be reduced to an instrument for simplifying transactions. It constitutes a strategic lever of sovereignty, fiscal coordination, financial credibility, and international projection. It would enable the conversion of a rapidly growing population into an integrated market, an expanded productive base, and an enhanced capacity for negotiation within the global economy.

Ultimately, the issue raised by this volume goes beyond the monetary question alone. It challenges the capacity of African societies to conceive institutions commensurate with their demographic reality and historical ambitions. To think a single currency for a Federation of States of Africa south of the Sahara is not to anticipate an automatic outcome, but to open a rational horizon of collective sovereignty, grounded in empirical data, systemic analysis, and a lucid projection into the twenty-first century.